



United States Department of the Interior

5/001/058

BUREAU OF LAND MANAGEMENT

Cedar City Field Office

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In Reply Refer To:

UT-042

3809: UTU-79716

February 6, 2003

Mr. Larry Apple
Secretary-Treasurer
Red Emerald Inc.
3005 W Highway 6
Delta, UT 84624

Dear Mr. Apple:

This letter acknowledges the receipt of a plan of operations amendment, submitted in behalf of Red Emerald Inc. (REI), and received in this office via facsimile on February 5, 2003. The amendment pertains to a pending plan of operations previously submitted by REI to this office in part on December 17, 2001 and in part on December 28, 2001. REI's plan of operation proposes surface mining operations to recover gem and specimen grade red beryl within portions of the NW $\frac{1}{4}$ of section 29 and the NE $\frac{1}{4}$ of section 30, T. 29 S., R. 14 W., Beaver County, Utah. The plan amendment proposed a monitoring plan for the mine site and modified the reclamation plan to assume all reclamation liability for those areas proposed for activity under the plan, including any liability accruing from partially reclaimed disturbances in the plan area through the prior site operator, GMI. Your cover letter to the plan amendment also indicates that REI is in the process of posting the necessary financial guarantee of \$24,300 to secure 3rd party reclamation of the disturbances proposed under the plan.

This office accepts the REI amended plan of operations as complete and approved (43 CFR 3809.411(d)(1)). Provided you have received the necessary approval for conducting small mine operations at the site under the applicable State of Utah, Division of Oil, Gas, and Mining regulations, and as soon as the agreed upon financial security is posted and accepted by Ms. Opie Abeyta of the BLM Utah State Office, you are approved to commence site disturbances under the plan.

If you have any questions, feel free to call me at (435) 865-3040.

Sincerely,

Ed Ginouves
Mining Engineer

RECEIVED
FEB 10 2003

DIV. OF OIL, GAS & MINING

cc: Tom Munson, DOGM, 1594 W North Temple, Suite 1210, Salt Lake City, Utah 84114-5801
Clint Christensen, CMS, 599 N 800 W, #6, Cedar City, UT 84720
Mr. Dominique Merz, c/o Knightsbridge Asset Management, 660 Newport Center Drive, Suite 460, Newport Beach, CA 92660-6405
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